
HOUSE BILL No. 1515

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-19-1.5; IC 20-5.5-7-3.5; IC 20-8.1; IC 21-1-30-2; IC 21-3.

Synopsis: Full day kindergarten. Provides that for purposes of computing the average daily membership and other pupil counts of school corporations, kindergarten pupils attending a full-day kindergarten program shall be counted as one pupil. Limits any increase in funding resulting from the recalculation of average daily membership to the part of the increase that is distributed from the state.

Effective: July 1, 2005.

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January 18, 2005, read first time and referred to Committee on Education.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1515

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-19-1.5 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.5. (a) The following
3 definitions apply throughout this section and IC 21-3-1.7:

4 (1) "Adjustment factor" means the adjustment factor determined
5 by the department of local government finance for a school
6 corporation under IC 6-1.1-34.

7 (2) "Adjusted target property tax rate" means:

8 (A) the school corporation's target general fund property tax
9 rate determined under IC 21-3-1.7-6.8; multiplied by

10 (B) the school corporation's adjustment factor.

11 (3) "Previous year property tax rate" means the school
12 corporation's previous year general fund property tax rate after the
13 reductions cited in IC 21-3-1.7-5(1) **and** IC 21-3-1.7-5(2). ~~and~~
14 ~~IC 21-3-1.7-5(3).~~

15 (b) Except as otherwise provided in this chapter, a school
16 corporation may not, for a calendar year beginning after December 31,
17 2004, impose a general fund ad valorem property tax levy which

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1 exceeds the following:

2 STEP ONE: Determine the result of:

3 (A) the school corporation's adjusted target property tax rate;

4 minus

5 (B) the school corporation's previous year property tax rate.

6 STEP TWO: If the school corporation's adjusted target property

7 tax rate:

8 (A) exceeds the school corporation's previous year property tax

9 rate, perform the calculation under STEP THREE and not

10 under STEP FOUR;

11 (B) is less than the school corporation's previous year property

12 tax rate, perform the calculation under STEP FOUR and not

13 under STEP THREE; or

14 (C) equals the school corporation's previous year property tax

15 rate, determine the levy resulting from using the school

16 corporation's adjusted target property tax rate and do not

17 perform the calculation under STEP THREE or STEP FOUR.

18 STEP THREE: Determine the levy resulting from using the

19 school corporation's previous year property tax rate after

20 increasing the rate by the lesser of:

21 (A) the STEP ONE result; or

22 (B) five cents (\$0.05).

23 STEP FOUR: Determine the levy resulting from using the school

24 corporation's previous year property tax rate after reducing the

25 rate by the lesser of:

26 (A) the absolute value of the STEP ONE result; or

27 (B) five cents (\$0.05).

28 STEP FIVE: Determine the result of:

29 (A) the STEP TWO (C), STEP THREE, or STEP FOUR result,

30 whichever applies; plus

31 (B) an amount equal to the annual decrease in federal aid to

32 impacted areas from the year preceding the ensuing calendar

33 year by three (3) years to the year preceding the ensuing

34 calendar year by two (2) years.

35 The maximum levy is to include the portion of any excessive levy

36 and the levy for new facilities.

37 STEP SIX: Determine the result of:

38 (A) the STEP FIVE result; plus

39 (B) the product of:

40 (i) the weighted average of the amounts determined under

41 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools

42 attended by students who have legal settlement in the school

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corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil **for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.**

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.

(c) For purposes of this section, "total assessed value" with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The department of local government finance shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

- (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;
- (2) petition for a correction of error under IC 6-1.1-15-12; or
- (3) petition for refund under IC 6-1.1-26.

(e) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent (\$0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(f) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP EIGHT of the following formula:

STEP ONE: Determine the quotient of:

- (A) the school corporation's 2003 assessed valuation; divided by
- (B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

- (A) the STEP ONE amount; minus
- (B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

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1 (A) the STEP TWO amount; multiplied by
 2 (B) eleven-hundredths (0.11).
 3 STEP FOUR: Determine the sum of:
 4 (A) the STEP THREE amount; plus
 5 (B) one (1).
 6 STEP FIVE: Determine the product of:
 7 (A) the STEP FOUR amount; multiplied by
 8 (B) the school corporation's general fund ad valorem property
 9 tax levy for calendar year 2003.
 10 STEP SIX: Determine the lesser of:
 11 (A) the STEP FIVE amount; or
 12 (B) the levy resulting from using the school corporation's
 13 previous year property tax rate after increasing the rate by five
 14 cents (\$0.05).
 15 STEP SEVEN: Determine the result of:
 16 (A) the STEP SIX amount; plus
 17 (B) an amount equal to the annual decrease in federal aid to
 18 impacted areas from the year preceding the ensuing calendar
 19 year by three (3) years to the year preceding the ensuing
 20 calendar year by two (2) years.
 21 The maximum levy is to include the part of any excessive levy
 22 and the levy for new facilities.
 23 STEP EIGHT: Determine the result of:
 24 (A) the STEP SEVEN result; plus
 25 (B) the product of:
 26 (i) the weighted average of the amounts determined under
 27 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
 28 attended by students who have legal settlement in the school
 29 corporation; multiplied by
 30 (ii) thirty-five hundredths (0.35).
 31 In determining the number of students for purposes of this
 32 STEP, each kindergarten pupil shall be counted as one-half
 33 (1/2) pupil **for kindergarten pupils who do not attend a**
 34 **full-day kindergarten program and one (1) pupil for**
 35 **kindergarten pupils who attend a full-day kindergarten**
 36 **program.**
 37 The result determined under this STEP may not be included in the
 38 school corporation's adjusted base levy for the year following the
 39 year in which the result applies or in the school corporation's
 40 determination of tuition support.
 41 SECTION 2. IC 20-5.5-7-3.5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.5. (a) This section

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applies to a conversion charter school.

(b) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after July 2, the organizer shall submit to a governing body on a form prescribed by the department the information reported under section 3(a) of this chapter for each student who:

- (1) is enrolled in the organizer's conversion charter school; and
- (2) has legal settlement in the governing body's school corporation.

(c) Beginning not more than sixty (60) days after the department receives the information reported under section 3(a) of this chapter, the department shall distribute to the organizer:

- (1) tuition support and other state funding for any purpose for students enrolled in the conversion charter school;
- (2) a proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for students with disabilities enrolled in the conversion charter school; and
- (3) a proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state categorical aid and are enrolled in the conversion charter school;

for the second six (6) months of the calendar year in which the conversion charter school is established. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the governing body of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.

(d) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the quotient of:

- (A) the number of students who:

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(i) are enrolled in the conversion charter school; and
 (ii) were counted in the ADM of the previous year for the school corporation in which the conversion charter school is located; divided by

(B) the current ADM of the school corporation in which the conversion charter school is located.

In determining the number of students enrolled under clause (A)(i), each kindergarten pupil shall be counted as one-half (1/2) pupil **for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.**

STEP TWO: Determine the total amount of the following revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established:

(A) Revenues obtained by the school corporation's:

- (i) general fund property tax levy; and
- (ii) excise tax revenue (as defined in IC 21-3-1.7-2).

(B) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

STEP THREE: Determine the product of:

- (A) the STEP ONE amount; multiplied by
- (B) the STEP TWO amount.

(e) Subsection (d) does not apply to a conversion charter school after the later of the following dates:

- (1) December 31 of the calendar year in which the conversion charter school is established.
- (2) Ten (10) days after the date on which the governing body of the school corporation in which the conversion charter school is located receives the final distribution described in IC 6-1.1-27-1 of revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established.

(f) This subsection applies during the second six (6) months of the calendar year in which a conversion charter school is established. A conversion charter school may apply for an advance from the charter school advancement account under IC 20-5.5-7.5 in the amount determined under STEP FOUR of the following formula:

STEP ONE: Determine the result under subsection (d) STEP

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ONE (A).

STEP TWO: Determine the difference between:

- (A) the conversion charter school's current ADM; minus
- (B) the STEP ONE amount.

STEP THREE: Determine the quotient of:

- (A) the STEP TWO amount; divided by
- (B) the conversion charter school's current ADM.

STEP FOUR: Determine the product of:

- (A) the STEP THREE amount; multiplied by
- (B) the quotient of:
 - (i) the subsection (d) STEP TWO amount; divided by
 - (ii) two (2).

SECTION 3. IC 20-8.1-6.1-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational training, or career education.

(2) "ADM" means the following:

- (A) For purposes of allocating to a transfer student state distributions under IC 21-1-30 (primetime), "ADM" as computed under IC 21-1-30-2.
- (B) For all other purposes, "ADM" as set forth in IC 21-3-1.6-1.1.

(3) "Pupil enrollment" means the following:

- (A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the Indiana state board of education.
- (B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the Indiana state board of education.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) a **student pupil for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.**

(4) "Special equipment" means equipment that during a school year:

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(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized instruction program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

The Indiana state board of education may select a different date for counts under subdivision (3). However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 3 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for, except as provided in clause (C), the calendar year in which the school year ends:

(A) The following state distributions that are computed in any part using ADM or other pupil count in which the student is included:

- (i) Primetime grant under IC 21-1-30.
- (ii) Tuition support for basic programs and at-risk weights under IC 21-3-1.7-8 (before January 1, 1996) and only for basic programs (after December 31, 1995).
- (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
- (iv) At-risk grant under IC 21-3-1.7-9.7.
- (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- (vi) Vocational education grant under IC 21-3-12.
- (vii) Special education grant under IC 21-3-2.1.
- (viii) The portion of the ADA flat grant that is available for the payment of general operating expenses under

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- 1 IC 21-3-4.5-2(b)(1).
 2 (B) For school years beginning after June 30, 1997, property
 3 tax levies.
 4 (C) For school years beginning after June 30, 1997, excise tax
 5 revenue (as defined in IC 21-3-1.7-2) received for deposit in
 6 the calendar year in which the school year begins.
 7 (D) For school years beginning after June 30, 1997, allocations
 8 to the transferee school under IC 6-3.5.

- 9 STEP THREE: Determine the greater of:
 10 (A) zero (0); or
 11 (B) the result of subtracting the STEP TWO amount from the
 12 STEP ONE amount.

13 If a child is placed in an institution or facility in Indiana under a court
 14 order, the institution or facility shall charge the county office of the
 15 county of the student's legal settlement under IC 12-19-7 for the use of
 16 the space within the institution or facility (commonly called capital
 17 costs) that is used to provide educational services to the child based
 18 upon a prorated per student cost.

19 (c) Operating costs shall be determined for each class of school
 20 where a transfer student is enrolled. The operating cost for each class
 21 of school is based on the total expenditures of the transferee
 22 corporation for the class of school from its general fund expenditures
 23 as specified in the classified budget forms prescribed by the state board
 24 of accounts. This calculation excludes:

- 25 (1) capital outlay;
 26 (2) debt service;
 27 (3) costs of transportation;
 28 (4) salaries of board members;
 29 (5) contracted service for legal expenses; and
 30 (6) any expenditure which is made out of the general fund from
 31 extracurricular account receipts;

32 for the school year.

33 (d) The capital cost of special equipment for a school year is equal
 34 to:

- 35 (1) the cost of the special equipment; divided by
 36 (2) the product of:
 37 (A) the useful life of the special equipment, as determined
 38 under the rules adopted by the Indiana state board of
 39 education; multiplied by
 40 (B) the number of students using the special equipment during
 41 at least part of the school year.

42 (e) When an item of expense or cost described in subsection (c)

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cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the pupil enrollment of each class in the transferee corporation compared to the total pupil enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

(1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by

(2) the pupil enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of pupil attendance, the transfer tuition shall be calculated by the portion of the school year for which the transferred student is enrolled. A school year of pupil attendance consists of the number of days school is in session for pupil attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. Where an agreement cannot be reached, the amount shall be determined by the Indiana state board of education, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

(1) the total amount of revenues received; by

(2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state distributions under IC 21-1-30, IC 21-3-2.1, IC 21-3-12, or any other statute that computes the amount of a state distribution using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the pupil count used to compute the state distribution.

(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with

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an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter.

(i) If the school corporation can meet the requirements of IC 21-1-30-5, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

(j) If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1, the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1.

SECTION 4. IC 20-8.1-6.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. Definitions. As used in this chapter:

(a) "Transferor corporation", "transferee corporation", and "transferred student" shall mean, respectively, the school corporation transferring students, the school corporation receiving students, and any student transferred pursuant to a court order described in section 1 of this chapter.

(b) "General fund", "capital projects fund", and "debt service fund" shall refer, respectively, to the school corporation funds set up under the provisions of IC 21-2-11, IC 21-2-15, and IC 21-2-4, respectively.

(c) "Class of school" shall refer to a classification of each school in the transferee corporation by the grades taught therein (generally denominated as elementary schools, middle schools or junior high schools, high schools, and special schools such as schools for special education, vocational training or career education). Elementary schools shall include schools containing kindergarten, but for all purposes under this chapter, a kindergarten student shall be counted as one-half (1/2) a ~~student~~ **pupil for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.**

(d) "ADM" shall refer to ADM as defined in IC 21-3-1.6-1.1.

SECTION 5. IC 21-1-30-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. For purposes of computation under this chapter, the following shall be used:

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(1) Kindergarten pupils shall be counted as ~~five-tenths (0.5)~~ **one-half (1/2) a pupil for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.** All other pupils shall be counted as one (1).

(2) The number of pupils shall be the number of pupils used in determining ADM, as defined by IC 21-3-1.6, for the current year.

(3) The staff cost amount for a school corporation is sixty-nine thousand eight hundred eleven dollars (\$69,811).

(4) The guaranteed amount for a school corporation is the primetime allocation, before any penalty is assessed under this chapter, that the school corporation would have received under this chapter for the 1999 calendar year.

(5) The at-risk index is the index determined under IC 21-3-1.6-1.1.

(6) The following apply to determine whether amounts received under this chapter have been devoted to reducing class size in kindergarten through grade 3 as required by section 3(b) of this chapter:

(A) Except as permitted under section 5.5 of this chapter, only a licensed teacher who is an actual classroom teacher in a regular instructional program is counted as a teacher.

(B) If a school corporation is granted approval under section 5.5 of this chapter, the school corporation may include as one-third (1/3) of a teacher each classroom instructional aide who meets qualifications and performs duties prescribed by the Indiana state board of education.

(7) The complexity index is the index determined under IC 21-3-1.7-6.7.

SECTION 6. IC 21-3-1.6-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law. Except as otherwise indicated, the term includes a charter school.

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation

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or in a transferee corporation on a day to be fixed annually by the Indiana state board of education and, beginning in the school year that ends in the 2005 calendar year, as subsequently adjusted not later than January 30 under the rules adopted by the state board of education. The initial day of the count shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on either the day fixed by the Indiana state board of education or on the subsequent adjustment date, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year and, beginning in the 2004 calendar year, before April 2 of the following calendar year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the December adjusted count to the budget committee before February 5 of the following year and the April adjusted count not later than May 31 immediately after the date of the April adjusted count. In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil **for kindergarten pupils who do not attend a full-day kindergarten program and one (1) pupil for kindergarten pupils who attend a full-day kindergarten program.** Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter (repealed) and as determined at the times for calculating ADM. "Current additional count" means the initial computed additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the initial computed additional count of the school corporation for the school year ending in the preceding calendar year.

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(f) For purposes of this subsection, "school corporation" does not include a charter school. "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the department of local government finance to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) "General fund" means a fund established under IC 21-2-11-2.

(h) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) For purposes of this subsection, "school corporation" does not include a charter school. "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) "Eligible pupil" means a pupil enrolled in a school corporation if:

(1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;

(2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable

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law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

For purposes of IC 21-3-12, the term includes a student enrolled in a charter school.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the department of local government finance and used by the department of local government finance in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11. The term does not apply to a charter school.

(l) "At risk index" means the following:

(1) For a school corporation that is not a charter school, the sum of:

(A) the product of sixteen-hundredths (0.16) multiplied by the percentage of families in the school corporation with children who are less than eighteen (18) years of age and who have a family income below the federal income poverty level (as defined in IC 12-15-2-1);

(B) the product of four-tenths (0.4) multiplied by the percentage of families in the school corporation with a single parent; and

(C) the product of forty-four hundredths (0.44) multiplied by the percentage of the population in the school corporation who are at least twenty (20) years of age with less than a twelfth grade education.

The data to be used in making the calculations under this subdivision must be the data from the 2000 federal decennial census.

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(2) For a charter school, the index determined under subdivision (1) for the school corporation in which the charter school is located.

(m) "ADM of the previous year" or "ADM of the prior year" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the preceding calendar year.

(n) "Current ADM" used in computing a state distribution in a calendar year means the initial computed ADM for the school year ending in the calendar year.

SECTION 7. IC 21-3-1.7-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Subject to the amount appropriated by the general assembly for tuition support, the amount that a school corporation is entitled to receive in tuition support for a year is the amount determined in section 8.2 of this chapter.

(b) If the total amount to be distributed as tuition support under this chapter, for enrollment adjustment grants under section 9.5 of this chapter, for at-risk programs under section 9.7 of this chapter, for academic honors diploma awards under section 9.8 of this chapter, for supplemental remediation grants under section 9.9 of this chapter, for primetime distributions under IC 21-1-30, for special education grants under IC 21-3-2.1, and for vocational education grants under IC 21-3-12 for a particular year, exceeds:

(1) three billion five hundred eighty million dollars (\$3,580,000,000) in 2003;

(2) three billion six hundred seventy-six million dollars (\$3,676,000,000) in 2004; and

(3) three billion seven hundred ~~twenty-one~~ **thirty-nine** million **fifty thousand** dollars (~~\$3,721,000,000~~) (**\$3,739,050,000**) in 2005;

the amount to be distributed for tuition support under this chapter to each school corporation during each of the last six (6) months of the year shall be reduced by the same dollar amount per ADM (as adjusted by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

SECTION 8. IC 21-3-3.1-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2.1. (a) For each calendar year, the allowable transportation distribution for each school corporation shall be based on the following formula:

(1) The sum of two hundred seventy-five dollars (\$275) for 1988, and two hundred eighty dollars (\$280) for 1989 and thereafter, less the product of twenty dollars (\$20) multiplied by the linear

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density of the school corporation.

(2) This remainder is then multiplied by the number of the school corporation's eligible pupils.

(3) From this product is subtracted the product of thirteen and sixty-seven hundredths cents (\$0.1367) multiplied by each one hundred dollars (\$100) of the school corporation's assessed value for taxes first due and payable in the preceding year.

(b) Application of the formula in subsection (a) shall be governed and modified by the following provisions:

(1) In calendar year 1976, and subsequent years, no school corporation that receives funds under this chapter shall receive less money than the school corporation was entitled to receive in calendar year 1975 under IC 21-3-3 (repealed December 31, 1975).

(2) The linear density of the school corporation shall be determined by dividing the total number of eligible pupils by the round trip mileage of all vehicles used by or for the school corporation in transporting pupils.

(3) Eligible pupils are those counted in ADM, enrolled in grades K-12, and transported more than one (1) mile or a preschool child who is transported for purposes of attending a special education program under IC 20-1-6-14.1, regardless of the distance transported.

(4) The round trip mileage of a vehicle shall be the total miles traveled by the vehicle measured from the first point the vehicle picks up an eligible pupil to the last point at which an eligible pupil disembarks at school, multiplied by two (2).

(5) A kindergarten pupil, to the extent the pupil constitutes an eligible pupil, shall be counted as one-half (1/2) an eligible pupil

for kindergarten pupils who do not attend a full-day kindergarten program and one (1) eligible pupil for kindergarten pupils who attend a full-day kindergarten program. A preschool pupil attending a special education program under IC 20-1-6-14.1 is counted as one (1) eligible pupil.

(6) All the factors, applied in sections 1 and 3 of this chapter for determining the transportation distribution for any school corporation for any calendar year, shall be those existing in the school year ending in the preceding calendar year.

(7) If subsection (a)(3) requires the use of the assessed valuation for a year in which a general reassessment becomes effective, the state shall make an adjustment in the assessed value used to neutralize the effect of the general reassessment. The adjustment

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1 applies to all subsequent years before another general
2 reassessment becomes effective.

3 **SECTION 9. [EFFECTIVE JULY 1, 2005] (a) The definitions in**
4 **IC 21-3-11.6-1.1, as amended by this act, apply throughout this**
5 **SECTION. The following definitions apply throughout this**
6 **SECTION:**

7 (1) "Student count law" refers to the following:

8 (A) IC 6-1.1-19-1.5, as amended by this act.

9 (B) IC 20-5.5-7-3.5, as amended by this act.

10 (C) IC 20-8.1-6.1-8, as amended by this act.

11 (D) IC 20-8.1-6.5-2, as amended by this act.

12 (E) IC 21-3-1.6-1.1, as amended by this act.

13 (F) IC 21-1-30-2, as amended by this act.

14 (G) IC 21-3-3.1-2.1, as amended by this act.

15 (2) "School year" has the meaning set forth in IC 20-10.1-2-1.

16 (b) A student count law applies only to:

17 (1) school years beginning; and

18 (2) state distributions made to school corporations;
19 after June 30, 2005.

20 (c) For purposes of making state distributions to school
21 corporations after June 30, 2005, and before January 1, 2006, the
22 department of education shall recalculate ADM, current ADM,
23 ADM of the previous year, and other pupil counts used in
24 calculating state distributions to school corporations in 2005 in
25 conformity with the student count laws, as amended by this act.

26 (d) In applying student count laws and this SECTION:

27 (1) no additional ad valorem property tax levy or excise tax
28 distribution is authorized for the period beginning after June
29 30, 2005, and ending before January 1, 2006;

30 (2) a school corporation is not required to pay the locally
31 raised component of any additional transfer tuition that
32 would otherwise be due for student enrollment after June 30,
33 2005, and before January 1, 2006, to another school
34 corporation or entity under the relevant student count law, as
35 amended by this act; and

36 (3) a school corporation is entitled only to fifty percent (50%)
37 of the state component of any additional state funding to
38 which the school corporation would be entitled in 2005 if the
39 relevant student count law, as amended by this act, had been
40 in effect for the entire calendar year.

41 In applying subdivision (2), the state funding component shall be
42 calculated as if any additional property tax levy that would have

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1 been authorized if the student count laws, as amended by this act,
2 had been imposed for the calendar year, related excise tax
3 distributions had been made to the school corporation, and any
4 locally funded component of transfer tuition had been paid.

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